

**CHOICE FOUNDATION,  
A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY  
CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

*Audit of Financial Statements*

June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/25/09

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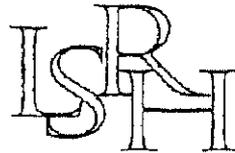
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LAPORTE SEHRT  
ROMIG HAND  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Board of Directors  
Choice Foundation, a Non-Profit Organization  
d/b/a Lafayette Academy Charter School  
New Orleans, Louisiana

We have audited the accompanying statement of financial position of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School (the School), as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School, as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2009, on our consideration of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Performance and Statistical Data included as Schedules 1 through 9, are not a required part of the basic financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School taken as a whole. The accompanying supplemental information is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



A Professional Accounting Corporation

September 16, 2009

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Statement of Financial Position  
June 30, 2009**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 530,655
Investments	348,529
Grants Receivable	1,225,103
Other Receivables	45,790
Prepaid Expenses	<u>27,075</u>
<b>Total Current Assets</b>	<u>2,177,152</u>
<b>Property and Equipment</b>	
Leasehold Improvements	706,699
Furniture, Fixtures and Equipment	750,850
Less: Accumulated Depreciation	<u>(441,468)</u>
<b>Net Property and Equipment</b>	<u>1,016,081</u>
<b>Total Assets</b>	<u><u>\$ 3,193,233</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 192,384
Accrued Expenses	397,157
Deferred Revenue	<u>10,000</u>
<b>Total Liabilities</b>	<u>599,541</u>
<b>Net Assets</b>	
Unrestricted	2,496,072
Temporarily Restricted	<u>97,620</u>
<b>Total Net Assets</b>	<u>2,593,692</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,193,233</u></u>

The accompanying notes are an integral part of these financial statements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Statement of Activities  
For the Year Ended June 30, 2009**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
State Public School Funding	\$ 5,382,693	\$ -	\$ 5,382,693
Federal Grants	2,415,787	-	2,415,787
Other State Funding	272,558	-	272,558
Federal School Lunch Program	271,553	-	271,553
Private Grants and Donations	111,532	171,689	283,221
Other Income	87,805	-	87,805
Interest Income	12,772	-	12,772
Net Assets Released from Restrictions	98,612	(98,612)	-
<b>Total Support and Revenue</b>	<b>8,653,312</b>	<b>73,077</b>	<b>8,726,389</b>
<b>Expenses</b>			
<b>Program Services</b>			
Regular Education Programs	4,413,641	-	4,413,641
Operation and Maintenance of Plant	1,193,661	-	1,193,661
School Administration	776,706	-	776,706
Instructional Staff Services	392,117	-	392,117
Special Education Programs	377,673	-	377,673
Food Service Operations	318,854	-	318,854
Special Programs	246,576	-	246,576
Pupil Support Services	240,424	-	240,424
Student Transportation Services	46,244	-	46,244
Student Activities	28,810	-	28,810
Other Instructional Programs	19,709	-	19,709
<b>Management and General</b>			
Business Services	496,734	-	496,734
General Administration	189,104	-	189,104
Central Services	2,033	-	2,033
<b>Total Expenses</b>	<b>8,742,286</b>	<b>-</b>	<b>8,742,286</b>
<b>Change in Net Assets</b>	<b>(88,974)</b>	<b>73,077</b>	<b>(15,897)</b>
<b>Net Assets, Beginning of Year</b>	<b>2,585,046</b>	<b>24,543</b>	<b>2,609,589</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,496,072</b>	<b>\$ 97,620</b>	<b>\$ 2,593,692</b>

The accompanying notes are an integral part of these financial statements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Statement of Cash Flows  
For the Year Ended June 30, 2009**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ (15,897)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	346,224
Decrease in:	
Deposits	13,420
Grants Receivable	1,508,293
Other Receivables	41,412
Prepaid Expenses	11,118
Accounts Payable	(218,797)
Accrued Expenses	(29,821)
Deferred MFP Revenue	<u>(50,000)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>1,605,952</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Property and Equipment	(969,031)
Purchase of Investments	<u>(348,529)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(1,317,560)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	288,392
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>242,263</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 530,655</u></u>

The accompanying notes are an integral part of these financial statements.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School (the School), incorporated on November 29, 2004, is an educational institution organized to inform and educate citizens of Louisiana on how school choice initiatives can improve primary education in Louisiana.

The Louisiana Board of Elementary and Secondary Education (BESE) approved the granting of a charter to the School effective September 26, 2006, for an initial term of three years which terminated on June 30, 2009. BESE granted the Charter Operator a two-year extension of the Charter School Contract to operate a Type 5 Charter School in the Louisiana Recovery School District, as defined in the LA R.S. 17:3992 and 3998. Upon completion of the charter school's fifth year of operation, the charter contract may be renewed at the discretion of BESE pursuant to the Evaluation Framework and applicable provision of Title 17, Chapter 42 of the Louisiana Revised Statutes.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Financial Statement Presentation**

The School follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor imposed time or purpose of restrictions. Restricted contributions are classified as unrestricted if the restriction was met in the same year the contribution was made.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. All significant receivables, payables and other liabilities are reflected.

**Cash and Cash Equivalents**

Cash, which is held in interest bearing accounts, consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents (Continued)**

The School classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents.

**Receivables**

The receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts, as management believes all remaining receivables are fully collectible.

The School received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at year end are stated at unpaid balances for expenditures incurred during the year.

**Investments**

In accordance with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the School reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value.

**Contributions and Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporary or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

The School's primary source of funding is through the State Public School Fund. The School receives \$7,390 per eligible student in attendance on October 1<sup>st</sup>, payable in monthly installments. The October 1<sup>st</sup> student count is audited by the Louisiana Department of Education. Adjustments are made in the following year.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**In-Kind Donations**

The School records in-kind value of goods and services contributed to support various activities as support and related expenses. In-kind support was estimated at \$4,342 for the year ended June 30, 2009, which included donations for professional services.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation is calculated using the straight-line method over the remaining term of the Charter School Contract not to exceed the estimated useful lives of the assets. Assets purchased with public funds will revert to the Louisiana Department of Education at the time this agreement is terminated. See Note 7.

**Fair Values of Financial Instruments**

The carrying values of the School's financial instruments including current assets and current liabilities approximate fair value.

In 2008, the School adopted the provisions of SFAS No. 157, *Fair Value Measurements*. Under SFAS No. 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1* - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2* - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.
- Level 3* - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fair Values of Financial Instruments (Continued)**

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 13). The School's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

*Investments* - The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment.

**Income Taxes**

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization.

**Advertising Costs**

Advertising costs are charged to expense when the advertising first takes place. Advertising expense totaled \$51,978 for the year ended June 30, 2009.

**Compensated Absences**

All teachers and staff are provided 10 days of paid annual sick leave. If an employee continues employment, any unused days remaining at June 30<sup>th</sup> of each year are reported to Teacher Retirement Services of Louisiana to be accumulated into the employees total days worked for retirement purposes. If the employee terminates at June 30<sup>th</sup>, the remaining days are forfeited. Accordingly, the School does not recognize a liability for accumulated compensated absences.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 2. Investments**

Investments consist of the following at June 30, 2009:

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Certificates of Deposit	\$ 325,427
Mutual Funds	<u>23,102</u>
<b>Total</b>	<b><u>\$ 348,529</u></b>

Investment revenues consist of the following for the year ended June 30, 2009:

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Interest and Dividends	\$ 4,846
Interest on Bank Balances	<u>7,926</u>
<b>Total</b>	<b><u>\$ 12,772</u></b>

**Note 3. Concentrations**

The School received 66% of its revenues for the year ended June 30, 2009, from the State of Louisiana, subject to its charter agreement with the State.

The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**Note 4. Restrictions on Assets**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Temporarily restricted net assets at June 30, 2009, available for instructional and other purposes totaled \$97,620.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 5. Grants Receivable**

As of June 30, 2009, grants receivable totaled \$1,225,103, which was a receivable for federal and state grants passed through the Louisiana Department of Education. The stated balance is considered to be fully collectible.

**Note 6. Retirement Plan**

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

**Plan Description**

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

**Funding Policy**

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. The current rate is 15.5% of annual eligible covered payroll. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the years ended June 30, 2009 and 2008, was \$668,455 and \$563,445, respectively, which is equal to the required contribution. The School's first year to contribute to the plan was the year ended June 30, 2008.

**Note 7. Property and Equipment**

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which it was purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency. Depreciation expense totaled \$346,224 for the year ended June 30, 2009.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 8. Leases**

Effective September 26, 2006, the School entered into an agreement with the State of Louisiana, Department of Education, Recovery School District, which allows the School to use the facilities and its contents located at 2727 South Carrollton Avenue, New Orleans, Louisiana, 70118. The agreement expired on June 30, 2009. The agreement has been extended for two additional years by the State of Louisiana, Department of Education, Recovery School District.

Alterations made by the School shall not diminish the value of the property at the time the alterations are approved, unless agreed upon by the State of Louisiana, Department of Education, Recovery School District and the School. Any physical additions or improvements to the property will become property of the State of Louisiana, Department of Education, Recovery School District. The State of Louisiana, Department of Education, Recovery School District may require, at the expense of the School, to remove these physical additions or improvements. Non-capital assets acquired by the School with non-public funds will remain the property of the School. Assets purchased with public funds obtained from public sources will automatically revert to the Board of Elementary and Secondary Education at the time this agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules.

Use of the property is not recorded as an in-kind contribution from or related rent expense to the State of Louisiana, Department of Education, Recovery School District. The value of the use of land and the building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in the future years has not been recorded.

On October 11, 2006, the School entered into an operating agreement for the use of three copy machines. Aggregate monthly payments on this lease is approximately \$2,900. This lease expires in November 2009.

Future minimum lease payments are as follows for the year ended June 30<sup>th</sup>:

	<u>Amount</u>
2010	\$ 11,504
<b>Total</b>	<u><u>\$ 11,504</u></u>

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 9. Line of Credit**

The School has a \$200,000 line of credit with Capital One Bank. The line carries a variable rate of interest payable monthly at the Wall Street Journal prime rate (3.250% at June 30, 2009), plus 1% adjusted daily. The note is unsecured. The line of credit was unused at June 30, 2009.

**Note 10. Federal Grants and Minimum Foundation Program (MFP)**

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1<sup>st</sup>. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2009, the School recognized revenue of \$2,525,809.

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which passes through to the School as Local MFP, which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1<sup>st</sup>. Revenues received by OPSB from sales tax revenues, as valorem taxes, and other sources are allocated to each school based on its enrollment. For the year ended June 30, 2009, the School recognized revenue of \$2,856,884.

**Note 11. Commitments**

The School has employment contracts, as are standard in the field of education, with most of its employees. The contracts for the current year expired June 30, 2009. All contracts provide for a minimum annual salary and benefits.

**Note 12. Risk Management**

The School is exposed to various risks of loss from torts; thefts of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the initial period ended June 30, 2009.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 13. Fair Value Measurements**

The School's assets are recorded at fair value and have been categorized based upon a fair value hierarchy in accordance with SFAS No. 157. See Note 1 for a description of the School's policies and valuation techniques.

The valuation of the School's assets that are measured at fair value on a recurring basis at June 30, 2009, are as follows:

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Balance</b>
Investments	\$ 348,529	\$ -	\$ -	\$ 348,529
<b>Total</b>	<b>\$ 348,529</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 348,529</b>

**Note 14. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 16, 2009, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Note 15. Income Taxes**

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. In accordance with FASB Staff Position (FSP) FIN 48-3, the School has elected to defer the application of FIN 48. Management has not assessed the impact of FIN 48 on its financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.



LAPORTE SEHRT  
ROMIG HAND  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
Choice Foundation, a Non-Profit Organization  
d/b/a Lafayette Academy Charter School  
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings that relate to the accompanying schedules of supplemental information are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following accounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes
  - Nonpublic Textbook Revenue
  - Nonpublic Transportation Revenue

Findings:

None

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule, and to the School's supporting payroll records, as of October 1<sup>st</sup>.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals and full time teachers by classification as of October 1<sup>st</sup>, and as reported on the schedule. We traced each of the teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

Findings:

We noted that one full time classroom teacher listed as certificated, lost her certifications as of June 30, 2008, and therefore should have been classified as uncertificated as of October 1, 2008. This schedule has been corrected to reflect the accurate results. We further noted two personnel files which did not contain support for their educational level.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings:

None

Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals and full time teachers by classification as of October 1<sup>st</sup>, and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Findings:

None

Public School Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation and ROTC or rehired retiree status, as well as full time equivalent as reported on the schedule, and traced each to the individual's personnel file and determined if the individual's salary, extra compensation and full time equivalents were properly included on the schedule.

Findings:

None

8. We recalculated the average salaries and full time equivalents reported in the schedule.

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

We noted that the class sizes reported on Schedule 6 included class size ranges of 34+. Per review of the roll books, there were no class sizes exceeding 26. This schedule has been corrected to reflect the accurate results.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Findings:

None

Graduation Exit Exam (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Findings:

None

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the School, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

September 16, 2009

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data)  
As of and For the Year Ended June 30, 2009**

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**Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 3 - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 4 - Experience of Public Principals, Assistant Principals and Full Time Classroom Teachers**

This schedule includes the number of years of experience in teaching for principals, assistant principals and full time teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 5 - Public School Staff Data**

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 6 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

**Schedule 7 - Louisiana Educational Assessment Program (LEAP)**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 - Graduation Exit Exam**

Not Applicable.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data) (Continued)  
As of and For the Year Ended June 30, 2009**

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**Schedule 9 - iLEAP Test Results**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2009**

**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

**General Fund Instructional Expenditures:**

**Teacher and Student Interaction Activities**

Classroom Teacher Salaries	\$ 1,734,488
Other Instructional Staff Activities	155,475
Instructional Staff Employee Benefits	548,433
Purchased Professional and Technical Services	433,829
Instructional Materials and Supplies	195,930
Instructional Equipment	<u>76,554</u>

**Total Teacher and Student Interaction Activities** **\$ 3,144,709**

Other Instructional Activities 5,763

Pupil Support Services	82,909
Less: Equipment for Pupil Support Services	<u>-</u>

**Net Pupil Support Services** **82,909**

Instructional Staff Services	390,332
Less: Equipment for Instructional Staff Services	<u>-</u>

**Net Instructional Staff Services** **390,332**

School Administration	768,258
Less: Equipment for School Administration	<u>5,135</u>

**Net School Administration** **763,123**

**Total General Fund Instructional Expenditures** **\$ 4,386,836**

**Total General Fund Equipment Expenditures** **\$ 81,689**

**Certain Local Revenue Sources**

**Local Taxation Revenue**

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	<u>-</u>

**Total Local Taxation Revenue** **\$ -**

**Local Earnings on Investment in Real Property**

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	<u>-</u>

**Total Local Earnings on Investment in Real Property** **\$ -**

**State Revenue in Lieu of Taxes**

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>

**Total State Revenue in Lieu of Taxes** **\$ -**

**Nonpublic Textbook Revenue**

**Nonpublic Transportation Revenue** **\$ -**

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Education Levels of Public School Staff  
As of October 1, 2008**

**Schedule 2**

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	26	72%	19	95%	1	50%		
Master's Degree	9	25%	1	5%	1	50%	1	100%
Master's Degree + 30								
Specialist in Education								
Ph. D. or Ed. D.	1	3%						
<b>Total</b>	<b>36</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>1</b>	<b>100%</b>

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Number and Type of Public Schools  
For the Year Ended June 30, 2009**

**Schedule 3**

<b>Type</b>	<b>Number</b>
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
<b>Total</b>	<b>1</b>

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Experience of Public Principals, Assistant Principals  
and Full Time Classroom Teachers  
As of October 1, 2008**

**Schedule 4**

	0 -1 Yr.	2 - 3 Yrs.	4 -10 Yrs.	11-14 Yrs.	15 -19 Yrs.	20 -24 Yrs.	25+ Yrs.	Total
Assistant Principals				1	1			2
Principals							1	1
Classroom Teachers	14	8	20	2	2	5	5	56
<b>Total</b>	<b>14</b>	<b>8</b>	<b>20</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>59</b>

See independent accountant's report on applying agreed-upon procedures.

CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Public School Staff Data  
For the Year Ended June 30, 2009

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	\$47,262	\$46,087
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	\$44,161	\$42,947
<b>Number of Teacher Full Time Equivalents (FTEs) used in Computation of Average Salaries</b>	62.0	58.5

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Class Size Characteristics  
As of October 1, 2008**

**Schedule 6**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	23%	55	77%	180				
Elementary Activity Classes								

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Louisiana Educational Assessment Program (LEAP)  
For the Year Ended June 30, 2009**

**Schedule 7**

District Achievement Level Results	English Language Arts						Mathematics					
	2009		2008		2007		2009		2008		2007	
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
<b>Grade 4</b>												
Advanced	0	0%	0	0%	0	0%	5	6%	0	0%	0	0%
Mastery	14	16%	8	9%	4	4%	17	19%	3	3%	2	2%
Basic	54	61%	42	48%	23	24%	50	57%	44	49%	27	27%
Approaching Basic	16	18%	20	22%	34	34%	10	11%	21	24%	19	19%
Unsatisfactory	4	5%	19	21%	38	38%	6	7%	21	24%	51	52%
<b>Total</b>	<b>88</b>	<b>100%</b>	<b>89</b>	<b>100%</b>	<b>99</b>	<b>100%</b>	<b>88</b>	<b>100%</b>	<b>89</b>	<b>100%</b>	<b>99</b>	<b>100%</b>

District Achievement Level Results	Science						Social Studies					
	2009		2008		2007		2009		2008		2007	
Students	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
<b>Grade 4</b>												
Advanced	0	0%	0	0%	1	1%	0	0%	0	0%	0	0%
Mastery	1	1%	0	0%	1	1%	3	3%	0	0%	2	2%
Basic	36	42%	25	29%	19	19%	47	55%	30	34%	23	23%
Approaching Basic	42	48%	36	40%	35	35%	28	32%	29	32%	22	22%
Unsatisfactory	8	9%	28	31%	43	44%	9	10%	30	34%	52	53%
<b>Total</b>	<b>87</b>	<b>100%</b>	<b>89</b>	<b>100%</b>	<b>99</b>	<b>100%</b>	<b>87</b>	<b>100%</b>	<b>89</b>	<b>100%</b>	<b>99</b>	<b>100%</b>

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Graduation Exit Exam  
For the Year Ended June 30, 2009**

**Schedule 8**

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The School does not have grades 10 or 11, therefore this schedule does not apply.

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
iLEAP Test Results  
For the Year Ended June 30, 2009**

**Schedule 9**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	15	16%	4	4%	10	11%	12	14%
Basic	36	38%	40	43%	34	36%	38	41%
Approaching Basic	29	31%	25	27%	42	45%	27	29%
Unsatisfactory	14	15%	23	25%	7	8%	15	16%
<b>Total</b>	<b>94</b>	<b>100%</b>	<b>93</b>	<b>100%</b>	<b>93</b>	<b>100%</b>	<b>92</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	2	2%	1	1%	0	0%
Basic	30	34%	29	33%	18	21%	31	36%
Approaching Basic	22	25%	20	23%	35	41%	29	34%
Unsatisfactory	34	40%	36	42%	32	37%	26	30%
<b>Total</b>	<b>87</b>	<b>100%</b>	<b>87</b>	<b>100%</b>	<b>86</b>	<b>100%</b>	<b>86</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	1	2%	1	2%	0	0%	0	0%
Mastery	2	4%	4	7%	3	5%	1	2%
Basic	23	40%	25	44%	17	30%	15	26%
Approaching Basic	16	28%	12	21%	24	42%	27	47%
Unsatisfactory	15	26%	15	26%	13	23%	14	25%
<b>Total</b>	<b>57</b>	<b>100%</b>	<b>57</b>	<b>100%</b>	<b>57</b>	<b>100%</b>	<b>57</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0%	1	1%	0	0%	0	0%
Mastery	4	6%	0	0%	1	1%	5	7%
Basic	20	29%	19	28%	21	30%	28	41%
Approaching Basic	33	48%	23	33%	28	41%	24	35%
Unsatisfactory	12	17%	26	38%	19	28%	12	17%
<b>Total</b>	<b>69</b>	<b>100%</b>	<b>69</b>	<b>100%</b>	<b>69</b>	<b>100%</b>	<b>69</b>	<b>100%</b>

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
iLEAP Test Results  
For the Year Ended June 30, 2009**

**Schedule 9 (Continued)**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	0	0%	0	0%	0	0%
Basic	24	25%	23	24%	17	18%	19	20%
Approaching Basic	28	29%	24	25%	39	41%	32	34%
Unsatisfactory	42	45%	48	51%	39	41%	44	46%
<b>Total</b>	<b>95</b>	<b>100%</b>	<b>95</b>	<b>100%</b>	<b>95</b>	<b>100%</b>	<b>95</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	4%	1	1%	2	4%	0	0%
Basic	9	17%	8	16%	8	15%	13	25%
Approaching Basic	26	50%	28	56%	22	42%	24	46%
Unsatisfactory	15	29%	14	27%	20	39%	15	29%
<b>Total</b>	<b>52</b>	<b>100%</b>	<b>51</b>	<b>100%</b>	<b>52</b>	<b>100%</b>	<b>52</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	0	0%	0	0%	0	0%
Basic	8	14%	7	12%	8	14%	6	10%
Approaching Basic	17	29%	12	20%	23	39%	19	33%
Unsatisfactory	33	56%	40	68%	28	47%	33	57%
<b>Total</b>	<b>59</b>	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>58</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	3%	0	0%	0	0%	0	0%
Basic	14	23%	10	16%	6	10%	10	16%
Approaching Basic	18	29%	17	28%	17	27%	23	37%
Unsatisfactory	28	45%	35	56%	39	63%	29	47%
<b>Total</b>	<b>62</b>	<b>100%</b>	<b>62</b>	<b>100%</b>	<b>62</b>	<b>100%</b>	<b>62</b>	<b>100%</b>

See independent accountant's report on applying agreed-upon procedures.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
iLEAP Test Results  
For the Year Ended June 30, 2009**

**Schedule 9 (Continued)**

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 3</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	0	0%	1	1%	0	0%
Basic	15	19%	12	14%	9	11%	13	16%
Approaching Basic	34	40%	25	30%	31	37%	20	24%
Unsatisfactory	34	40%	47	56%	42	51%	50	60%
<b>Total</b>	<b>84</b>	<b>100%</b>	<b>84</b>	<b>100%</b>	<b>83</b>	<b>100%</b>	<b>83</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 5</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	1%	0	0%	0	0%	0	0%
Basic	15	20%	10	13%	6	8%	8	10%
Approaching Basic	16	21%	14	18%	27	36%	22	29%
Unsatisfactory	44	58%	52	68%	43	57%	46	61%
<b>Total</b>	<b>76</b>	<b>100%</b>	<b>76</b>	<b>100%</b>	<b>76</b>	<b>100%</b>	<b>76</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 6</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	3	3%	2	2%	1	1%	0	0%
Basic	24	26%	28	30%	22	24%	12	13%
Approaching Basic	36	38%	14	15%	45	48%	26	27%
Unsatisfactory	31	33%	49	53%	25	27%	56	60%
<b>Total</b>	<b>94</b>	<b>100%</b>	<b>93</b>	<b>100%</b>	<b>93</b>	<b>100%</b>	<b>94</b>	<b>100%</b>

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 7</b>								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	2	3%	1	1%	0	0%
Basic	23	34%	23	34%	11	16%	19	28%
Approaching Basic	27	41%	18	27%	30	45%	24	36%
Unsatisfactory	17	25%	24	36%	25	38%	24	35%
<b>Total</b>	<b>67</b>	<b>100%</b>	<b>67</b>	<b>100%</b>	<b>67</b>	<b>100%</b>	<b>67</b>	<b>100%</b>

See independent accountant's report on applying agreed-upon procedures.

**SUPPLEMENTAL INFORMATION**

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Board of Directors  
For the Year Ended June 30, 2009**

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<u>Board Members</u>	<u>Compensation</u>
Carol Asher 25 Gull Street New Orleans, LA 70124 504-957-2574	\$ -0-
Janet Bean 6025 Garfield Street New Orleans, LA 70118 504-259-0292	\$ -0-
Don Beery 1340 Poydras, Suite 1900 New Orleans, LA 70112 504-586-3184	\$ -0-
Storey Charbonnet 639 Loyola Avenue, Suite 2775 New Orleans, LA 70113 504-430-7991	\$ -0-
Susie De Russey 2415 Prytania Street New Orleans, LA 70130 504-670-2506	\$ -0-
Robert Evans PO Box 53313 New Orleans, LA 70153 504-523-4788	\$ -0-
Fitzgerald, Billy 1903 Jefferson New Orleans, LA 70115 504-896-6380	\$ -0-
William Goliwas 504-931-5230	\$ -0-

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Board of Directors (Continued)  
For the Year Ended June 30, 2009**

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<u>Board Members</u>	<u>Compensation</u>
Brian Gibbs 5736 Citrus Boulevard New Orleans, LA 70123 504-733-6310, ext. 103	\$ -0-
Fritz Gomila 5717 Salmen Street, Suite A Harahan, LA 70123 504-486-9724	\$ -0-
James Huger 900 St. Charles Avenue New Orleans, LA 70130 504-523-4521, ext. 1611	\$ -0-
Wendy Lodrig 900 St. Charles Avenue New Orleans, LA 70130 504-565-5546	\$ -0-
Todd McDonald 3200 Magazine Street New Orleans, LA 70130 678-613-4173	\$ -0-
Steve Serio 201 St. Charles Street, 46th Floor New Orleans, LA 70170-4600 504-586-5267	\$ -0-
Jim Swanson 201 St. Charles Street, 46th Floor New Orleans, LA 70170-4600 504-586-5240	\$ -0-
Sandy Villere 601 Poydras Street, Suite 1808 New Orleans, LA 70130 504-599-4544	\$ -0-



LAPORTE SEHRT  
ROMIG HAND  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Choice Foundation, a Non-Profit Organization  
d/b/a Lafayette Academy Charter School  
New Orleans, Louisiana

We have audited the financial statements of the Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School (the School) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the School in a separate letter dated September 16, 2009.

This report is intended for the information and use of management, the board of directors, others within the entity, the Louisiana Legislative Auditor and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

September 16, 2009



LAPORTE SEHRT  
ROMIG HAND  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Choice Foundation, a Non-Profit Organization  
d/b/a Lafayette Academy Charter School  
New Orleans, Louisiana

**Compliance**

We have audited the compliance of the Choice Foundation, a Non-Profit Organization d/b/a Lafayette Academy Charter School (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion the School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2009 - 1.

## Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency which is described in the accompanying schedule of findings and questioned costs as item 2009 - 1.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The significant deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs is not considered to be a material weakness.

The School's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and accordingly express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, the Orleans Parish School Board, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

September 16, 2009

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2009**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures
United States Department of Agriculture Passed through the Louisiana Department of Education National School Lunch Program	10.555	<u>\$ 271,553</u>
United States Department of Education Passed through the Louisiana Department of Education		
Title I Grants to Local Educational Agencies *	84.010	1,442,397
Special Education Grants to States - (IDEA Part B)	84.027	274,260
Improving Teacher Quality State Grants - Title II Grants	84.367	239,413
Hurricane Education Recovery Act - Immediate Aid to Restart Schools	84.938	222,255
Hurricane Katrina Foreign Contributions	84.940F	149,068
Temporary Assistance for Needy Families	93.558B	74,245
Special Education Preschool Grants to States - (IDEA Preschool)	84.173	9,036
Title IV Safe and Drug-Free Schools and Communities	84.186	4,522
Title V Innovative Education Technology State Grants	84.298	<u>591</u>
		<u>2,415,787</u>
<b>Total</b>		<u><u>\$ 2,687,340</u></u>

\* Denotes Major Program

**Notes to the Schedule of Expenditures of Federal Awards**

Note 1 - The schedule is prepared on the accrual basis of accounting.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009**

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**A. Summary of Audit Results**

Financial Statements

- |   |             |
|---|-------------|
| 1) Type of auditor's report   | Unqualified |
| 2) Compliance and internal control over financial reporting                   |             |
| a) Material weaknesses identified   | None        |
| b) Significant deficiency identified not considered to be material weaknesses | None        |
| c) Noncompliance noted  | None        |
| 3) Management letter comment provided   | Yes         |

Federal Awards

- |   |             |
|---|-------------|
| 4) Internal control over major programs   |             |
| a) Material weaknesses identified   | None        |
| b) Significant deficiency identified not considered to be material weaknesses                 | Yes         |
| 5) Type of auditor's report issued on compliance for major program                            | Unqualified |
| 6) Audit findings disclosed that are required in accordance with OMB A-133, Section 510a      | Yes         |
| 7) Identification of major programs<br>84.010A - Title I Grants to Local Educational Agencies |             |
| 8) Dollar threshold used to distinguish between Type A and B programs                         | \$300,000   |
| 9) Auditee qualified as a low-risk auditee under OMB A-133 Section 530                        | No          |

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2009**

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**B. Findings - Financial Statement Audit**

None.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

**2009 - 1 Allowable Costs - Employee Certifications (CFDA 84.010A)**

*Criteria:* Office of Management and Budget Circular A-87, Attachment B, paragraphs 8.h (3) requires employees who work solely on a single cost objective to furnish a semi-annual certification that he/she has been engaged solely in such activities.

*Condition:* During our testing of payroll disbursements, we noted that 3 employees had not signed the certification form.

*Cause:* Management indicated that the selected employees were no longer employed at the School.

*Recommendation:* We recommend that the School institute procedures to ensure that all Title I (CFDA 84.010A) employees sign certification forms.

*Management Response:* The School will review its current procedures and will make the changes deemed necessary to ensure compliance with OMB Circular A-87.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Prior Year Findings and Questioned Costs  
For the Year Ended June 30, 2009**

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**2008 - 01 Preparation of Financial Statements and Disclosures**

*Status:* This condition has been partially resolved. Management prepared the financial statements in accordance with U.S. GAAP without related disclosures.

**2008 - 02 Property and Equipment Capitalization/Duplicate Payment**

*Status:* This condition has been resolved. The School implemented adequate controls to properly monitor the capitalization of assets.

**2008 - 03 General Ledger Account Reconciliations**

*Status:* This condition has been resolved. The School implemented adequate controls to reconcile general ledger accounts timely and accurately.

**2008 - 04 Net Asset Accounts Reconciliations**

*Status:* This condition has been resolved. The School implemented adequate controls to reconcile net asset accounts timely and accurately.

**2008 - 05 Journal Entries**

*Status:* This condition has been resolved. The School implemented adequate controls to ensure proper review and approval of journal entries.

**2008 - 06 Timely Submission of Grant Reimbursement**

*Status:* This condition has been resolved. The School implemented adequate controls to ensure eligible expenses incurred under federal programs be properly submitted for timely reimbursement.

**2008 - 07 Overcharge of Benefit Expenses**

*Status:* This condition has been resolved. The School implemented adequate controls to review reimbursement requests to ensure all expenses submitted are proper.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Prior Year Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2009**

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**2008 - 08 Procurement for Goods and Services**

*Status:* This condition has been resolved. The School implemented adequate controls to ensure compliance with the provisions of OMB Circular A-110.

**2008 - 09 Timely Submission of Audited Financial Statements**

*Status:* This condition has been resolved. The audited financial statements will be filed on a timely basis with the Louisiana Legislative Auditor.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Management's Corrective Action Plan on Current Year Findings  
For the Year Ended June 30, 2009**

---

**Internal Control and Compliance Material To Federal Awards**

**2009 - 1 Allowable Costs - Employee Certifications (CFDA 84.010A)**

*Recommendation:* We recommend that the School institute procedures to ensure that all Title I (CFDA 84.010A) employees sign certification forms.

*Management Response:* The School will review its current procedures and will make the changes deemed necessary to ensure compliance with OMB Circular A-87.

**Agreed Upon Procedures Required by R.S. 24:514**

**Schedule 2 - Lack of Support for Educational Level of Staff**

*Recommendation:* We recommend that the School ensure all required documentation is retained within personnel files to support performance and statistical data submitted to their regulatory agencies.

*Management Response:* The School has taken the necessary steps to ensure that all required supporting documentation is retained within personnel files.

**Management Letter**

**Approval of Purchase Requisitions**

*Recommendation:* We recommend that all purchase requisitions be approved by management prior to the purchase of goods or services .

*Management Response:* The School is evaluating the current process and will revise accordingly.

**CHOICE FOUNDATION, A NON-PROFIT ORGANIZATION  
D/B/A LAFAYETTE ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Management's Corrective Action Plan on Current Year Findings (Continued)  
For the Year Ended June 30, 2009**

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**Internal Control and Compliance Material To Federal Awards (Continued)**

**Management Letter (Continued)**

**Improve Review of Bank Reconciliations**

*Recommendation:* We recommend the strengthening of bank reconciliation procedures. The reviewer should trace all reconciling items to supporting documents. Special attention should be given to old reconciling items.

*Management Response:* The School is evaluating the current process and will revise accordingly.

## MANAGEMENT LETTER

To the Board of Directors  
Choice Foundation, a Non-Profit Organization  
d/b/a Lafayette Academy Charter School  
New Orleans, Louisiana

In planning and performing our audit of the financial statements of Choice Foundation, a Non-Profit Organization, d/b/a Lafayette Academy Charter School (the School), as of and for the year ended June 30, 2009, we considered the School's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

However, during our audit, we became aware of a matter that may result in an opportunity to strengthen internal controls and operating efficiency. This letter does not affect our report dated September 16, 2009, on the financial statements of the School.

We will review the status of this comment during our next engagement. We will be pleased to discuss this comment in further detail at your convenience, or to assist you in implementing the recommendation. Our comments are as follows:

### **Approval of Purchase Requisitions**

The School currently utilizes purchase requisitions to support approval of the purchase of goods and services. We noted several purchase requisitions were not approved by the Business Manager or the Head of School. We recommend that all purchase requisitions be approved by management prior to the purchase of goods or services.

### **Improve Review of Bank Reconciliations**

As a necessary part of control over cash disbursements, adequate bank reconciliation procedures should be carried out. We noted outstanding reconciling items that remained outstanding. Upon further review, it was discovered that the reconciling items were beginning balances entered during the software set up.

To further strengthen bank reconciliation procedures, the reviewer should trace all reconciling items to supporting documents. He should also pay special attention to old reconciling items. He should also consider the possibility that other reconciling items, individually immaterial, may result from a significant amount "sliced up" for concealment.

This report is intended solely for the information and use of management, the Board of Directors, the Louisiana Legislative Auditor, the Louisiana Department of Education, the Recovery School District, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

September 16, 2009